

Message Text

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13

ACTION EA-09

INFO OCT-01 ISO-00 EB-07 COME-00 TRSE-00 H-02 OMB-01 L-03

SS-15 /038 W

----- 006321

R 220937Z SEP 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 542

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E.O. 11652: N/A

TAGS: EIND, RP

SUBJECT: AMCHAM CONCERN OVER ELIMINATION OF SECTION 911

1. COMATT ATTENDED REGULAR MONTHLY MEETING OF AMERICAN CHAMBER BOARD OF DIRECTORS ON SEPTEMBER 22. PRINCIPAL SUBJECT OF DISCUSSION WAS ELIMINATION IN TAX REFORM BILL OF SECTION 911 FOR CERTAIN AMERICANS WORKING OVERSEAS. AMCHAM DIRECTORS SAID THAT ELIMINATION OF SECTION 911 AMOUNTED TO DOUBLE TAXATION AND CALLED IT RETROACTIVE APPLICATION EXTREMELY PUNITIVE. SECTION 911 ELIMINATION WOULD RESULT IN THIRD COUNTRY MANAGEMENT OF AMERICAN ENTERPRISES OVERSEAS AND COULD MEAN DEATH OF AMERICAN CHAMBERS IN VARIOUS COUNTRIES.

2. WHAT EXERCISED AMCHAM DIRECTORS WAS FACT THAT SECTION 912 FOR USG EMPLOYEES WAS RETAINED IN TAX REFORM BILL AS RESULT OF INTERVENTION BY THE SECRETARY WITH THE CONGRESS. AMCHAM DIRECTORS STATED THAT ARGUMENTS PRESENTED ON BEHALF OF STATE DEPARTMENT EMPLOYEES OVERSEAS ARE IDENTICAL WITH THOSE OF AMERICAN BUSINESSMEN (AND MISSIONARIES) OVERSEAS. TENOR OF DISCUSSION WAS THAT DEPARTMENT TOOK CARE OF ITSELF AT THE IMPLIED EXPENSE OF AMERICAN BUSINESSMENT.

3. AT THIS POINT LEW BURRIDGE CLAIMED THAT AMBASSADOR HABIB HAD REASSURED AMCHAM REPRESENTATIVES AT LAST COM MEETING THAT HE WOULD WORK ON PROBLEM. BURRIDGE
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ASKED THAT CONCERN OF PHILIPPINE AND OTHER AMCHAMS

BE BROUGHT ANEW TO ATTENTION OF THE DEPARTMENT, WITH
SPECIFIC REFERENCE TO ASSURANCES OF ACTION GIVEN BY
AMBASSADOR HABIB.

4. STRONG FEELINGS OVER ELIMINATION OF SECTION 911
AND RETENTION OF SECTION 912 COULD PRESENT
SERIOUS PROBLEM IN DEPARTMENT/AMCHAM RELATIONS.
EMBASSY RECOMMENDS THAT DEPARTMENT REVIEW CIRCUM-
STANCES AND INFORM US OF ITS DECISION FOR ACTION FOR
RELAY TO AMCHAM.
SULLIVAN

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Message Attributes

Automatic Decaptioning: X
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Margaret P. Grafeld
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04 MAY 2006

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